

Metropolitan Estate
and Property Corporation Limited



Annual Report and Accounts
1968.

Metropolitan Estate and
Property Corporation Limited

Chairman's Statement
Directors' Report and Accounts
for the Year ended
30th September 1968



Officers of the Company at 30th September, 1968

Board of Directors	C. E. M. Hardie, C.B.E., F.C.A., <i>Chairman</i>
	J. Scrimgeour, C.M.G., O.B.E. } <i>Deputy Chairmen</i>
	A. Kennedy Kisch, M.A. }
	R. H. Sheppard, F.A.I., <i>Managing Director</i>
	R. J. Dickinson, M.A.
	W. E. Philp, F.R.I.C.S., F.A.I.
	J. C. Hawkes, F.R.I.C.S.
	M. R. Creasey, F.A.I.
	Bernard Dufton, F.C.A.
	The Hon. Angus Ogilvy
	P. A. Anker, F.R.I.C.S

Secretary and Registered Office	A. L. Crowe, F.C.A. Brook House, 113 Park Lane, London, W.1.
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Auditors	Thomson McIntock & Co. Chartered Accountants, 33 King William Street, London, E.C.4.
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Registrars and Transfer Office	Martins Bank Trust Company Limited Clements House, Gresham Street, London, E.C.2.
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Bankers	Lloyds Bank Limited Martins Bank Limited National Provincial Bank Limited
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Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Brook House, 113 Park Lane, London, W.1, on Thursday, 19th December, 1968, at 12 noon for the following purposes:

Ordinary Business

To receive and adopt the Balance Sheet and Statement of Accounts as at 30th September, 1968, and the Report of the Directors thereon.

To declare a Final Dividend on the Ordinary Share Capital.

To re-elect Directors.

To authorise the Directors to fix the remuneration of the Auditors.

Special Business

As special business to consider and, if thought fit the passing of the following Resolutions which will be proposed as to Resolution No. 1 as an Ordinary Resolution and as to Resolution No. 2 as a Special Resolution:—

Resolution No. 1 That the capital of the Company be and it is hereby increased from £20,000,000 to £25,000,000 by the creation of 20,000,000 Ordinary Shares of 5s. each.

Resolution No. 2 That the Articles of Association contained in the printed document submitted to this meeting, and signed for the purpose of identification by the Chairman thereof be and the same are hereby adopted as the Articles of Association of the Company to the entire exclusion of all previous or other Articles of Association.

A Member of the Company who is entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, to vote in his stead. A proxy need not be a Member of the Company.

By Order of the Board

A. L. Crowe, Secretary.

London, W.1,

26th November, 1968

These Accounts are sent to Preference and Debenture Stockholders for information only. They are not entitled as a right to attend or vote, either in person or by proxy, at the above-mentioned meeting.

Report of the Directors for the year ended 30th September, 1968

To be presented to the Annual General Meeting of the Company at Brook House, 113 Park Lane, London, W.1, on 19th December, 1968.

Financial Results and Dividends			£	£
	The net profit, before deducting taxation, amounts to			4,440,119
	Less Taxation as shown in the Revenue Account			1,747,127
	Net profit after taxation			2,692,992
	Less Profit attributable to outside interests in subsidiaries			203,707
				2,489,285
	Appropriated to reserves:			
	Canadian properties reserve		292,013	
	Profit on dealing, after taxation		48,109	
				340,122
				2,149,163
	Dividends paid or payable for the year:			
	Preference		97,543	
	Ordinary:			
	Interim (4%) paid 21st June, 1968		612,779	
	Proposed Final (8½%) payable 19th December, 1968		1,263,857	
				1,974,179
				174,984
	Balance brought forward from previous year			800,553
	Balance to carry forward			£975,537

Activities and Assets The business of the company and its subsidiary and associated companies is entirely related to property investment and development with the exception of one subsidiary company, Jeffery, Sons & Company Limited, which is engaged in the furnishing trade.

Loan Capital During the year an issue of £1,750,000 6¾% Debenture Stock 1997/2000 was made to the Prudential Assurance Company Limited at par.

The Metropolitan Railway Surplus Lands Company Limited An offer was made on 16th August, 1968, on behalf of the company, to acquire the entire issued share capital of The Metropolitan Railway Surplus Lands Company Limited ("M.R.S.L.") on the basis of one Ordinary 5s. Share and twelve shillings nominal 8% Unsecured Loan Stock 2000/5 of M.E.P.C. for every two shares of 10s. each in M.R.S.L. Acceptances have been received in respect of more than 95% of the issued Ordinary Shares of M.R.S.L. and it is intended, if necessary, to utilise the provisions of Section 209 of the Companies Act, 1948, to acquire the remaining shares.

It is accordingly anticipated that during the financial year ending 30th September, 1969, a total of 4,357,512 Ordinary Shares of 5s. each and £2,614,506 of 8% Unsecured Loan Stock 2000/5 will be allotted to implement the offer.

A summary of the last published accounts of M.R.S.L., for the year ended 31st March, 1968, appears on page 16.

Revaluation of Properties A revaluation of the group's properties is being prepared, which is expected to show a significant increase over the present book value. In the opinion of the directors it is not practicable to quantify the amount of the increase until completion of the revaluation.

Directors The directors of the company at 30th September, 1968 are set out on Page 2. Sir H. N. Hume, K.B.E., M.C., who had been a director since the formation of the company died in December, 1967. The Hon. Angus Ogilvy and Mr. P. A. Anker, F.R.I.C.S., were elected directors in January, 1968 and Mr. W. M. Balch, F.R.I.C.S., Chairman of The Metropolitan Railway Surplus Lands Company Limited, was elected a director on 15th October, 1968; in accordance with the provisions of the Articles of Association they will retire at the Annual General Meeting and they offer themselves for reappointment. The directors retiring by rotation are Mr. A. Kennedy Kisch, M.A., Mr. Maxwell Creasey, F.A.I., and Mr. Bernard Dufton, F.C.A., who offer themselves for re-election.

Report of the Directors (continued)

Directors' Interests in Shares and Debenture Stock of the Company

Interests of the directors of the company and their families in shares and debenture stock of the company and its subsidiaries, according to the register kept under Section 29 of the Companies Act, 1967, were respectively at the beginning of the year (or on appointment if later) and at 30th September, 1968 as follows:—

Beneficial Interests (except as indicated)

M.E.P.C. LIMITED

	Ordinary shares		4½% Preference shares	
	1968	1967	1968	1967
C. E. M. Hardie, C.B.E., F.C.A.	12,000	2,000	—	—
J. Scrimgeour, C.M.G., O.B.E.	—	—	500	500
A. Kennedy Kisch, M.A.	101,857	101,857	—	—
R. H. Sheppard, F.A.I.	22,500	22,500	500	500
R. J. Dickinson, M.A.	40,500	40,500	—	—
R. J. Dickinson, M.A. (as Trustee)	323,654	330,504	1,000	1,000
W. E. Philp, F.R.I.C.S., F.A.I.	2,000	9,000	—	—
J. C. Hawkes, F.R.I.C.S.	100,234	112,234	—	—
J. C. Hawkes, F.R.I.C.S. (as Trustee)	5,000	5,000	—	—
M. R. Creasey, F.A.I.	762	762	325	325
B. Dufton, F.C.A.	3,475	3,475	—	—
The Hon. Angus Ogilvy	2,000	2,000	—	—
P. A. Anker, F.R.I.C.S.	2,107	2,107	—	—

In addition to the above Mr. R. H. Sheppard and Mr. B. Dufton each held £1,000 5½% First mortgage debenture stock 1984/89 throughout the year.

M.E.P.C. CANADIAN PROPERTIES LIMITED

	Common shares of no par value		6¾% First mortgage bonds 1982	
	1968	1967	1968	1967
C. E. M. Hardie, C.B.E., F.C.A.	815	815	—	—
R. J. Dickinson, M.A.	501	501	—	—
P. A. Anker, F.R.I.C.S.	6,586	3,586	\$1,000	\$1,000
The Hon. Angus Ogilvy	50	—	—	—

In addition to the above at 30th September, 1968, Mr. Anker had options to purchase 5,000 common shares at \$3.00 per share not later than 1st October, 1969.

M.E.P.C. (STILLORGAN) LIMITED

(a subsidiary of M.E.P.C. (Ireland) Limited)

	Ordinary shares of £1 each	
	1968	1967
A. Kennedy Kisch, M.A.	12,500	12,500

Average Number of Employees and their Remuneration

The average number of persons employed by the group in the U.K. during the year ended 30th September, 1968 was 269 and the aggregate remuneration payable for the year was £273,186.

Charitable Contributions

Contributions for charitable and similar purposes made by the group amounted to £2,626. The company did not make any contributions for political purposes.

Auditors

The auditors, Messrs. Thomson McLintock & Co., have indicated their willingness to continue in office and a resolution will be proposed at the forthcoming Annual General Meeting concerning their remuneration.

Finance Act, 1965

The company is not a "close company" for the purposes of the Finance Act, 1965.

For the purposes of capital gains tax the values of the company's ordinary, preference and debenture stocks at 6th April, 1965 were:—

Ordinary shares of 5s. each	9s. 9d.
4½% Preference stock (£1 units)	12s. 6d.
4% First mortgage debenture stock	£63 per £100 stock.
5½% First mortgage debenture stock	£85 per £100 stock.

By order of the Board

A. L. Crowe, Secretary
26th November, 1968

Chairman's Statement

Again there has been an increase in profit. For the financial year to 30th September, 1968, gross income has increased by 17·9% to a total of £8,854,000 with the result that after meeting all expenses and interest the profit before taxation has increased by nearly £700,000, to £4,440,000. The amount available for appropriation after covering increased Corporation Tax, now at 42½%, amounts to £2,693,000 (£2,309,000). Owing to the restriction on dividends it is not possible to increase the dividend this year substantially, but in recognition of the growth of profits it is proposed to increase the final dividend on the Ordinary Share Capital to make a total paid in respect of the year of 12¼%, compared with 12% paid last year.

These results once again have manifested the ability of the Company to meet the growing burden of Corporation Tax and at the same time to increase the amount available for dividend.

Shareholders will know that at the end of the financial year an old established property company, The Metropolitan Railway Surplus Lands Company Limited, was acquired in consideration for £2,614,506 of Unsecured Loan Stock and £1,089,378 Nominal of ordinary share capital in your Company. This acquisition did not become effective until after the end of the financial year and is accordingly not reflected in the Balance Sheet or Profit and Loss Account and the shares issued do not rank for last year's dividend.

We are now engaged in assimilating this concern with a view to integrating its management with our own and once this process is completed it is considered that it will be a most useful addition to the Group. Its main assets consist of investment properties similar to our own together with a number of developments and associated activities which will require some attention.

Reverting to operations during the last financial year the results shown reflect a continuation of your Board's investment policy in a wide range of shop, office and industrial (and very little residential) premises. The total purchases of properties in the Group during the financial year amounted to £9,728,000. These were financed mainly out of the continuing borrowing sources of the Company and partly by a number of advantageous disposals amounting to £2,093,000. Again the income has been materially increased by renewal of leases at higher rents as they fall in and further growth by this means can be foreseen in the coming years.

Rising rental values and the increasing awareness of institutional investors of the merits of property investment, has been to bring about a large increase in the value of our properties compared with their original cost. Your Directors have decided that the time has come to revalue our holdings and they are now carrying out this task which it is expected will be completed during the current financial year. I know shareholders will look forward with interest to the result of revaluation when it is announced.

As shareholders know, although our major holdings of property are in the United Kingdom, we have also substantial interests in Canada, Ireland and, now as a result of the recent acquisition, a small portfolio in Australia. All these subsidiary activities are showing good profits and subject to the problems of currency restrictions it is the Company's policy to increase these overseas holdings.

In Canada there has been a notable upsurge in income and profits, helped also by the benefit of devaluation upon their sterling value. The profits for the year before taxation of this Company, in which we have a two-thirds interest, amounted to £523,000 against equivalent £358,000.

The Irish Company has had the benefit this year of income from its large shopping development at Stillorgan near Dublin which has achieved its original budgeted income and a revaluation will show a very considerable uplift. We can look forward to increasing profits from this Company.

We have continued to finance our acquisitions by further use of the 6 $\frac{3}{8}$ % debenture monies made available from the Prudential Assurance Company Limited some years ago of which £4 million is still undrawn. The Company also has substantial bridging facilities from its bankers and these resources at the present time are considered sufficient for the continued investment programme in the coming year. When it is timely to make arrangements for further long term borrowing your Company will be in possession of a very large portfolio of unpledged property available as security.

Shareholders will see from the notice of the meeting that it is proposed to increase the authorised share capital by £5 million. Although there are no plans whatsoever for increasing the ordinary share capital by way of Rights Issues or in consideration of further acquisitions, it is felt wise to increase the availability of authorised capital to cover any opportunities which might occur in the coming years.

You will also see that it is proposed to modernise the Articles of Association in accordance with recent legislation and current practice. Particulars of the main changes are outlined on page 19 of this Report.

The success of your Company depends on people. During last year we suffered the sad loss of Sir Nutcombe Hume, one of our non-executive Directors, who had been associated with the Company since its original formation by Mr. Claude Leigh. His place on the board has been filled by The Hon. Angus Ogilvy who has strong financial and City connections and as a regular visitor to Canada is able to take an interest in our Canadian affairs. Mr. Peter Anker, President of the Canadian Company, was also welcomed to the Parent Board at that time. After the close of the year Mr. W. M. Balch, Chairman of The Metropolitan Railway Surplus Lands Company Limited, joined the Board. He is relinquishing the Managing Directorship of that Company early next year and in the meantime is assisting in the transitional handover of its business.

Our team continues to be led by Mr. Sheppard supported by the other executive Directors in London and Mr. Kennedy Kisch who controls our Irish business and Mr. Anker in Canada. All of us are served by a small but efficient and extremely loyal professional staff and we welcome those who have joined the Group from The Metropolitan Railway Surplus Lands Company Limited. Together we look forward to the continued prosperity of your Company.

C. E. M. HARDIE

Consolidated Revenue Account of the Company and Subsidiary Companies for the year ended 30th September, 1968

	£	1968 £	1967 £	£
Revenue and charges		8,364,221		7,048,101
Deduct:				
Ground rents on leasehold properties	309,433		314,460	
Property outgoings, management and administrative expenses	1,493,289		1,316,590	
		1,802,722		1,631,050
		6,561,499		5,417,051
Sundry investment and other income (Note A)		490,107		460,754
		7,051,606		5,877,805
Deduct:				
Directors' emoluments (Note B)	71,886		56,944	
Auditors' remuneration	9,598		8,157	
Depreciation of furniture and fittings, office machinery and motor cars	13,022		11,044	
		94,506		76,145
		6,957,100		5,801,660
Interest (Note C)		2,415,315		1,942,022
		4,541,785		3,859,638
Amortisation of leasehold properties		101,666		92,293
Net revenue before charging taxation (Note D)		4,440,119		3,767,345
Deduct:				
Taxation on revenue for the year (Note E)	1,824,957		1,474,375	
Adjustment in respect of prior years	77,830		15,885	
		1,747,127		1,458,490
Net revenue for the year		2,692,992		2,308,855
Revenue attributable to outside interests in subsidiaries		203,707		141,177
		2,489,285		2,167,678
Deduct:				
Profit on dealing, after tax, transferred to reserve	48,109		5,661	
Appropriated to Canadian properties reserve	292,013		201,503	
		340,122		207,164
		2,149,163		1,960,514
Dividends paid or payable for the year				
Preference	97,543		97,543	
Ordinary:				
Interim (4%) paid 21st June, 1968	612,779	(4%)	612,779	
Proposed final (8½%) payable 19th December, 1968	1,263,857	(8%)	1,225,559	
		1,974,179		1,935,881
		174,984		24,633
Unappropriated revenue from previous year (Note F)		800,553		742,595
Unappropriated revenue carried forward		£975,537		£767,228

Notes on Consolidated Revenue Account

	1968 £	1967 £
A. Sundry investment and other income		
Dealing profits	83,669	9,435
Interest and dividends from associated companies	101,084	87,935
Dividends from quoted investments	8,365	3,975
Other interest and income	296,989	359,409
	<u>£490,107</u>	<u>£460,754</u>
B. Emoluments of the directors of the holding company		
Fees	14,053	12,931
Emoluments of executive directors	53,633	39,471
Pensions to former directors	4,200	4,542
	<u>£71,886</u>	<u>£56,944</u>
Particulars of directors' emoluments, excluding pension scheme contributions, in accordance with Section 6 of the Companies Act, 1967 are as follows:—		
Emoluments of the chairman	£9,750	£9,750
Emoluments of the highest paid director	£13,125	£11,290
Other directors:		
Remuneration up to £2,500 p.a.	5	4
Remuneration £5,001 to £7,500 p.a.	—	2
Remuneration £7,501 to £10,000 p.a.	3	1
One director waived £250 fees. (1967 £250)		
The management duties of two directors were wholly discharged outside the United Kingdom.		
C. Interest payable		
On debenture stocks and mortgages not repayable within five years	2,195,106	1,792,309
On debenture stocks and mortgages repayable within five years	168,226	98,639
On bank overdrafts	108,943	136,455
	<u>2,472,275</u>	<u>2,027,403</u>
<i>Deduct:</i>		
Amount applicable to properties held for or in course of development	56,960	85,381
	<u>£2,415,315</u>	<u>£1,942,022</u>
D. Contributions from overseas investment to net revenue before charging taxation		
Canada	805,265	549,765
Republic of Ireland	31,458	19,059
E. Taxation on revenue for the year		
Corporation tax (42½%)	1,602,071	(40%) 1,323,548
Overseas taxation	86,186	55,327
Transfer to overseas taxation equalisation account	136,700	95,500
	<u>£1,824,957</u>	<u>£1,474,375</u>
F. Unappropriated revenue from previous year		
Balance at 1st October, 1967	767,228	744,044
Surplus resulting from devaluation	37,607	—
	<u>804,835</u>	<u>744,044</u>
<i>Deduct:</i>		
Adjustment due to issue of shares in a subsidiary to outside interests	4,282	1,449
	<u>£800,553</u>	<u>£742,595</u>

Balance Sheet of the Company and Consolidated Balance Sheet of the Company and Subsidiary Companies at 30th September, 1968

	M.E.P.C. LTD.		GROUP	
	1968 £	1967 £	1968 £	1967 £
Authorised share capital				
Ordinary capital (in shares of 5s. each)	17,500,000	17,500,000		
4½% Cumulative Preference capital (in shares of £1 each)	2,500,000	2,500,000		
	<u>£20,000,000</u>	<u>£20,000,000</u>		
Issued share capital and reserves				
Ordinary capital (fully paid)	15,319,478	15,319,478	15,319,478	15,319,478
Capital reserves				
General (Note 6)	3,165,731	2,860,380	7,976,436	7,287,972
Share premiums	7,439,376	7,439,376	7,439,376	7,439,376
	<u>10,605,107</u>	<u>10,299,756</u>	<u>15,415,812</u>	<u>14,727,348</u>
Revenue reserves				
Dealing profits	178,215	130,105	178,215	130,105
Unappropriated revenue	508,885	395,813	975,537	767,228
	<u>687,100</u>	<u>525,918</u>	<u>1,153,752</u>	<u>897,333</u>
Ordinary capital and reserves	26,611,685	26,145,152	31,889,042	30,944,159
Preference capital (fully paid)	2,167,631	2,167,631	2,167,631	2,167,631
	<u>28,779,316</u>	<u>28,312,783</u>	<u>34,056,673</u>	<u>33,111,790</u>
Future taxation				
Taxation equalisation account (overseas)	—	—	739,762	524,400
Corporation tax due 1st January 1970	669,000	578,000	923,210	800,609
	<u>669,000</u>	<u>578,000</u>	<u>1,662,972</u>	<u>1,325,009</u>
Outside interests in subsidiary companies	—	—	2,914,769	2,358,683
Loan capital (Note 7)	17,780,585	15,338,285	41,048,958	34,096,837
Subsidiary companies				
Advances (without security)	8,119,436	9,086,717	—	—
Provision for repairs, renewals of fixed plant and dilapidations (Note 8)	274,976	282,676	245,837	257,555
Current liabilities				
Bank overdrafts	1,541,560	631,703	3,048,355	1,579,446
Creditors and accrued charges	1,286,443	1,456,432	2,565,072	2,542,311
Current taxation	811,813	409,159	1,901,405	1,298,220
Proposed final ordinary dividend	1,263,857	1,225,559	1,263,857	1,225,559
	<u>4,903,673</u>	<u>3,722,853</u>	<u>8,778,689</u>	<u>6,645,536</u>
	<u>£60,526,986</u>	<u>£57,321,314</u>	<u>£88,707,898</u>	<u>£77,795,410</u>

	M.E.P.C. LTD.		GROUP	
	1968 £	1967 £	1968 £	1967 £
Fixed assets				
Properties at valuation or at cost (Note 1)	32,393,466	30,516,913	83,380,679	73,523,866
<i>Less.</i> Provision for amortisation and depreciation (Note 2)	579,482	486,880	2,359,153	1,868,762
	<u>31,813,984</u>	<u>30,030,033</u>	<u>81,021,526</u>	<u>71,655,104</u>
Investment—£475,483 nominal of the company's first mortgage debenture stock, at cost (Market value £322,734)	387,590	257,101	387,590	257,101
Capital redemption policies at surrender values	293,557	273,046	293,557	273,046
Funds for re-investment held by debenture trustees	267,929	147,793	368,534	159,793
Office machinery equipment and motor cars (Note 3)	52,629	48,101	73,220	66,312
	<u>32,815,689</u>	<u>30,756,074</u>	<u>82,144,427</u>	<u>72,411,356</u>
Subsidiary companies (Note 4)				
Shares at cost, (<i>less</i> amounts written off—£22,486)	16,595,269	15,457,710	115,035	—
Advances and dividends receivable	7,868,960	7,569,869	10,000	—
	<u>24,464,229</u>	<u>23,027,579</u>	<u>125,035</u>	<u>—</u>
Interests in associated companies (Note 5)				
Shares at cost (unquoted)	1,066	3,566	1,067	3,567
Loans	1,072,883	1,293,396	1,075,133	1,442,626
	<u>1,073,949</u>	<u>1,296,962</u>	<u>1,076,200</u>	<u>1,446,193</u>
Current assets				
Loans (secured)	226,861	244,210	1,266,178	896,847
Debtors for rents and sundry balances, <i>less</i> provision for doubtful debts	1,753,871	1,181,140	2,571,103	1,600,766
Tax reserve certificates	112,471	800,000	112,471	800,000
Bank and cash balances and short term deposits	65,912	1,345	1,155,414	318,211
	<u>2,159,115</u>	<u>2,226,695</u>	<u>5,105,166</u>	<u>3,615,824</u>
Outgoings in respect of property developments	14,004	14,004	257,070	322,037
CHARLES E. M. HARDIE	} <i>Directors</i>			
RICHARD H. SHEPPARD				
	<u>£60,526,986</u>	<u>£57,321,314</u>	<u>£88,707,898</u>	<u>£77,795,410</u>

The notes on pages 12/17 form an integral part of the accounts

Notes on the Balance Sheets

Properties	M.E.P.C. LTD.				GROUP			
	Freeholds	Long Leaseholds	Short Leaseholds	Total	Freeholds	Long Leaseholds	Short Leaseholds	Total
	£	£	£	£	£	£	£	£
Balance 1st October 1967								
Valuation	10,101,270	4,945,795	670,825	15,717,890	20,894,336	7,886,617	1,158,025	29,938,978
Cost	9,739,022	4,453,718	606,283	14,799,023	36,032,429	6,490,055	1,062,404	43,584,888
Devaluation Adjustment					2,163,293	58,787		2,222,080
Additions during the year at cost	1,743,197	254,233	134,655	2,132,085	7,753,760	1,706,619	267,880	9,728,259
Changes in Allocation	29,119	—60,719	31,600		56,750	3,866	—60,616	
	21,612,608	9,593,027	1,443,363	32,648,998	66,900,568	16,145,944	2,427,693	85,474,205
Deduct:								
Disposals	114,485	141,046		255,531	1,896,760	167,554	29,212	2,093,526
Balance 30th September 1968								
Valuation (see below)	10,004,315	4,773,320	702,425	15,480,060	20,790,212	7,770,642	1,057,625	29,618,479
Cost	11,493,808	4,678,661	740,938	16,913,407	44,213,596	8,207,748	1,340,856	53,762,200
	£21,498,123	£9,451,981	£1,443,363	£32,393,467	£65,003,808	£15,978,390	£2,398,481	£83,380,679

Properties included in the balance sheet at 30th September, 1968 at valuation are as follows:—

	M.E.P.C. LTD.	GROUP
	£	£
At independent professional valuation in 1960	15,480,060	18,483,042
At valuation by directors of subsidiary companies:		
In 1959		8,645,150
In 1966		2,490,287
	£15,480,060	£29,618,479

Freehold depreciation and leasehold amortisation

	M.E.P.C. LTD.		GROUP	
	Freehold Depreciation	Leasehold Amortisation	Freehold Depreciation	Leasehold Amortisation
	£	£	£	£
Balance 1st October 1967	173,060	313,820	1,276,343	592,419
Adjustment due to devaluation			128,603	
Charged to revenue account		56,263		101,666
Appropriated out of Canadian profits			292,013	
Taxation allowances	45,397		96,986	
	218,457	370,083	1,793,945	694,085
Deduct:				
Disposals		9,058	92,099	36,778
Balance 30th September 1968	£218,457	£361,025	£1,701,846	£657,307

Notes on the Balance Sheets (continued)

3 Office machinery, equipment and motor cars	M.E.P.C. LTD.		GROUP	
	1968 £	1967 £	1968 £	1967 £
Cost 1st October 1967	94,530	81,880	126,058	111,400
Additions	14,369	16,639	21,962	19,853
	108,899	98,519	148,020	131,253
Deduct: Disposals	3,288	3,989	3,843	5,195
Cost 30th September 1968	£105,611	£94,530	£144,177	£126,058
Depreciation 1st October 1967	46,429	42,438	59,746	53,529
Charged to revenue account	7,217	7,108	13,022	10,435
	53,646	49,546	72,768	63,964
Deduct: Disposals	664	3,117	1,811	4,218
Depreciation 30th September 1968	£52,982	£46,429	£70,957	£59,746
Net book value	£52,629	£48,101	£73,220	£66,312

4 Subsidiary companies

Particulars of the principal subsidiary companies are given on page 17. The accounts of Jeffery, Sons & Company Limited, furnishers, a wholly owned subsidiary company acquired in January 1968, have not been included in the consolidated accounts because, in the opinion of the directors, to do so would be of no real value to the members of the parent company in view of the insignificant amounts involved. The accounts of Jeffery, Sons & Company Limited are for the year to 31st January, the most convenient date for the trade, and there is, therefore, no net profit to be dealt with in the accounts of the parent company since acquisition.

5 Associated companies

The company's shareholdings in associated companies, all of which are unquoted, are as follows:

	Percentage of issued ordinary capital
Currie Investments Limited	25%
M.E.P.C. (Glasgow) Limited	50%
Town Holdings Limited	50%

In the opinion of the directors the current value of the shares held in associated companies is in excess of book value, but such excess is not material in relation to the other assets of the group.

6 Capital reserve—general

	M.E.P.C. LTD. £	GROUP £
Balance 1st October 1967	2,860,380	7,287,972
Surpluses:		
Realisation of properties and sundry credits	287,792	344,667
Purchases of debenture stock for redemption	32,043	35,830
Arising from devaluation of sterling	—	326,727
	3,180,215	7,995,196
Deduct:		
Capital issue expenses	14,484	18,760
	£3,165,731	£7,976,436

Group capital reserve includes the unrealised surplus of £1,773,629 arising from the revaluation of properties in a subsidiary company in 1959. Corporation tax will be payable on any part of this surplus which is realised. The directors consider that any liability to capital gains tax that may have arisen on the sale of properties since 5th April, 1965, or may arise on the future sale of properties revalued since that date at sums not exceeding their current book values is likely to be immaterial. Any such liabilities arising from the above will be charged to capital reserve.

Notes on the
Balance Sheets (continued)

7 Loan capital

	M.E.P.C. LTD.		GROUP	
	1968	1967	1968	1967
	£	£	£	£
*4% First mortgage debenture stock 1996	2,875,225	2,953,852	2,875,225	2,953,852
*5 $\frac{3}{4}$ % First mortgage debenture stock 1984/89	5,000,000	5,000,000	5,000,000	5,000,000
*6 $\frac{3}{8}$ % First mortgage debenture stock 1997/2000 (a)	8,000,000	6,250,000	8,000,000	6,250,000
3 $\frac{3}{4}$ % Debenture stock 1965/78	—	—	120,000	120,000
5 $\frac{3}{4}$ % First mortgage debenture stock 1985/90	—	—	2,500,000	2,500,000
6 $\frac{1}{2}$ % First mortgage debenture stock 1985/90	—	—	500,000	500,000
6% First mortgage debenture stock 1987 (b)	—	—	1,250,000	1,250,000
*First mortgage debenture 1992	—	—	3,656,732	3,209,912
*6 $\frac{3}{4}$ % First mortgage sinking fund bonds 1982	—	—	1,009,615	916,667
*5 $\frac{7}{8}$ % First mortgage sinking fund bonds 1983	—	—	1,221,039	1,103,265
*6 $\frac{3}{8}$ % First mortgage sinking fund bonds 1983	—	—	218,654	204,167
*6 $\frac{3}{8}$ % First mortgage sinking fund bonds 1987	—	—	1,180,009	1,079,375
7 $\frac{5}{16}$ % First mortgage sinking fund bonds 1988	—	—	618,570	—
Mortgages (c)	1,155,360	1,134,433	12,149,114	9,009,599
7 $\frac{3}{8}$ % Unsecured loan repayable 1972	750,000	—	750,000	—
	<u>£17,780,585</u>	<u>£15,338,285</u>	<u>£41,048,958</u>	<u>£34,096,837</u>

*The debenture stocks marked with an asterisk are wholly or partly redeemable through annual purchases, or by drawings out of yearly sinking fund instalments.

(a) The Prudential Assurance Company Limited has undertaken to subscribe for £12 million of 6 $\frac{3}{8}$ % first mortgage debenture stock over the period ending July 1970 of which £8,000,000 had been subscribed at 30th September, 1968. Stockholders have the right to convert up to 10 per cent of the stock issued into ordinary shares of M.E.P.C. Ltd. at 10s. 6d. per share, the option to be exercisable in December in each of the years 1968 to 1970 inclusive.

(b) The holders of the 6% first mortgage debenture stock 1987 issued by a subsidiary company have the right to call for repayment of £300,000 of such stock and to subscribe therewith for ordinary share capital of M.E.P.C. Ltd. at 25s. per share, the option to be exercisable on 1st January, 1969, 1970 or 1971.

(c) The number of mortgages is such that to give full particulars of the repayment terms and interest rates would, in the opinion of the directors, result in a statement of excessive length. The following summary provides a general indication of these particulars:

	M.E.P.C. LTD		GROUP	
	1968	1967	1968	1967
	£	£	£	£
Repayable in full before 30th September 1973:				
Interest 4%—5 $\frac{3}{4}$ %	—	—	737,500	737,500
Interest 6%—7 $\frac{3}{4}$ %	80,000	80,000	305,114	973,644
Interest 8 $\frac{1}{4}$ %	—	—	769,231	—
Repayable in full after 30th September 1973 but before 30th September 1978:				
Interest 6%—7 $\frac{3}{4}$ %	775,000	775,000	1,222,430	960,514
Repayable in full after 30th September 1978:				
Interest 4%—5 $\frac{3}{4}$ %	68,360	72,433	580,860	589,933
Interest 6%—7 $\frac{3}{4}$ %	232,000	207,000	8,533,979	5,748,008
	<u>£1,155,360</u>	<u>£1,134,433</u>	<u>£12,149,114</u>	<u>£9,009,599</u>

Notes on the Balance Sheets (continued)

8 Provision for repairs, renewals of fixed plant and dilapidations

	M.E.P.C. LTD.	GROUP
	£	£
Balance 1st October 1967	282,676	257,555
Charged to revenue account	164,529	250,917
	447,205	508,472
Expenditure (less recovered from tenants)	172,229	262,635
	£274,976	£245,837

Deferred expenditure of £53,987 at 1st October, 1967, and £58,151 at 30th September, 1968, was set-off against the group provision.

9 M.E.P.C. Canadian Properties Limited—share options

At 30th September, 1968 share purchase warrants entitling the holders to purchase common shares in M.E.P.C. Canadian Properties Limited at \$3.50 per share were outstanding as follows:—

Exercisable	Entitlement
Before 1.8.1970	88,215 shares
Before 30.6.1976	107,205 shares

Executives of M.E.P.C. Canadian Properties Limited have other options to purchase 7,500 common shares at \$3.00 not later than 1st October, 1969.

The total interest of minority shareholders in this subsidiary will be 35% approximately if the rights and options are exercised in full, compared with 32% at 30th September, 1968.

10 Exchange rate

The assets, liabilities and results of the Canadian subsidiary have been converted into sterling at £1 = \$ 2.60 (1967 £1 = \$3).

11 Capital commitments

Capital commitments for which provision has not been made in these accounts amount to:

	M.E.P.C. LTD.		GROUP	
	1968	1967	1968	1967
	£	£	£	£
Contracted	1,099,000	810,000	3,396,000	2,201,000
Authorised but not contracted	407,000	298,000	1,737,000	2,498,000

12 Contingent liabilities

The holding company has contingent liabilities of £949,498 in respect of uncalled capital investments in subsidiary companies.

13 The Metropolitan Railway Surplus Lands Company Limited

An offer was made on 16th August, 1968 to acquire the entire issue share capital of The Metropolitan Railway Surplus Lands Company Limited ("M.R.S.L."); the offer was declared unconditional on 11th September, 1968. At 30th September, acceptances had been received from M.R.S.L. shareholders in respect of 92% of the issued shares. It is proposed to exercise the powers given by Section 209 of the Companies Act, 1948 to acquire the outstanding shares. The consideration for the acquisition of the entire share capital of M.R.S.L. will be the issue of 4,357,512 M.E.P.C. ordinary shares of 5s. each and £2,614,506 of 8% Unsecured Loan Stock 2000/5. The issue of ordinary shares and of the loan stock was not made until after 30th September, 1968 and accordingly the acquisition of M.R.S.L. is not reflected in these accounts. For the information of shareholders there is attached on page 16 a summary of the latest accounts of M.R.S.L. which were made up to 31st March, 1968.

Notes on the Balance Sheets (continued)

13 (continued)

THE METROPOLITAN RAILWAY SURPLUS LANDS COMPANY LIMITED AND SUBSIDIARY COMPANIES

Summarised Balance Sheet 31st March 1968

	£	1967 £		£	1967 £
Share capital			Fixed assets		
Authorised 20,000,000 Shares of 10s. each	10,000,000	10,000,000	Properties held as investments	11,050,349	10,677,097
Issued 8,715,020 Shares of 10s. each fully paid	4,357,510	4,357,510	Plant, vehicles, fixtures, fittings	189,399	151,580
Reserves				11,239,748	10,828,677
Capital £1,771,695		1,482,308	Trade investments	1,107,112	1,559,832
Other 294,043		369,948	Other investments		
	2,065,738	1,852,256	Quoted	—	10,103
	6,423,248	6,209,766	Unquoted	16,046	33,929
Loan capital	4,951,825	4,770,716		12,362,906	12,432,541
Current liabilities			Current assets		
Bank overdrafts 1,882,568		2,105,976	Properties held by dealing		
Proposed final dividend 217,876		196,088	subsidiaries £1,223,075		1,155,118
Other current liabilities 1,606,610		1,264,290	Other current assets 871,746		478,702
	3,707,054	3,566,354		2,094,821	1,633,820
	£15,082,127	£14,546,836	Outgoings in respect of property development	624,400	480,475
				£15,082,127	£14,546,836

Consolidated Revenue Account for the year ended 31st March, 1968

	£	£	1967 £
Rents and charges		945,036	915,361
Deduct:			
Ground rents on leasehold properties	65,495		22,634
Other property outgoings and administrative expenses	289,689		265,717
		355,184	288,351
		589,852	627,010
Dealing profits	135,766		80,759
Sundry investment and other income	144,817		260,235
		280,583	340,994
		870,435	968,004
Deduct			
Interest		588,595	665,075
		281,840	302,929
Amortisation of leasehold properties		19,711	20,173
Net revenue before charging taxation		262,129	282,756
Deduct:			
Taxation on revenue for the year		74,007	85,771
		188,122	196,985
Add:			
Amount equivalent to estimated outgoings on properties acquired for or in course of development		174,000	184,500
		362,122	381,485
Deduct:			
Amount written off outgoings applicable to development properties		30,075	49,625
		332,047	331,860
Dividends paid and proposed		326,814	305,026
		5,233	26,834
Unappropriated revenue from previous year	369,948		343,114
Deduct: adjustment prior years	81,138		—
		288,810	343,114
Unappropriated revenue carried forward		£294,043	£369,948

Notes on the Balance Sheets (continued)

14 Principal subsidiary companies

UNITED KINGDOM

Wholly owned subsidiary companies:

Avondown Properties Limited
The Bletchley Property Company Limited
Columbus Properties Limited
Elom Properties Limited
Finsbury Circus Estates Limited
Furlong Properties Limited
The House and Land Syndicate Limited
The Junior Property and Investment Company, Limited
Jeffery, Sons & Company Limited
Kingpost Investment Company Limited
Kingsley Investment Trust Limited
The Manchester Commercial Buildings Company Limited
M.E.P.C. (Liverpool) Limited
M.E.P.C. (Pentyrch) Limited
Metropolitan Commercial Property Investments Limited
St. Mary's Estate Limited
Surrey Shop Holdings Limited
Town Investments Limited
(Wholly owned subsidiaries:
London Land & Property Company Limited
Twenty Albert Embankment Limited
Waddon Investments Limited)

Proportion of
Ordinary Capital
held

Partly owned subsidiary companies:

Oxford Properties Limited
Percy Street Investments Limited
Property Development Consortium Limited
Threadneedle Property Company Limited
(Wholly owned subsidiary:
Tudor Properties (Bramhall) Limited)

67%
67%
80%
65%

OUTSIDE THE UNITED KINGDOM

Incorporated in Canada:
M.E.P.C. Canadian Properties Limited
(and subsidiaries)
365 Bay Street, Toronto 1.
(President: P. A. Anker, F.R.I.C.S.)
Incorporated in the Republic of Ireland:
M.E.P.C. (Ireland) Limited,
(and subsidiaries)
Dublin City Properties Limited
Bective House, Dawson Street, Dublin 2
(Managing Director: A. Kennedy Kisch, M.A.)

68%

90%
93%

Non-operating subsidiaries and subsidiaries which do not materially affect the profit or the assets of the group, have been excluded from the above statement.

Report of the Auditors

We have audited the books and records of Metropolitan Estate and Property Corporation Limited for the year ended 30th September, 1968. The foregoing accounts have been properly prepared in accordance with the provisions of the Companies Acts, 1948 and 1967. Certain of the subsidiaries have been audited by other firms of accountants.

In our opinion these accounts give a true and fair view of the state of affairs of the company, and of the state of affairs and profit of the company and its subsidiaries so far as concerns the members of the company.

THOMSON McLINTOCK & CO.
Chartered Accountants

33, King William Street.
London, E.C.4.
26th November, 1968

Comparative Information 1959-1968 (in £'000)

Group revenue account

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Gross revenue	1,712	2,157	2,561	4,151	4,499	4,932	5,552	6,409	7,509	8,854
Revenue before taxation	862	1,168	1,548	2,380	2,552	2,630	2,957	3,325	3,767	4,440
Taxation	424	586	799	1,271	1,336	1,367	1,554	1,566	1,458	1,747
Revenue available for ordinary dividends and reserves	398	540	696	1,036	1,125	1,157	1,266	1,589	2,070	2,392
Ordinary dividends	308	425	629	891	985	985	1,035	1,329	1,838	1,877
Rate of ordinary dividends	12½%	13½%	13½%	9½%	10½%	10½%	11½%	11½%	12%	12¼%

Group balance sheet

Properties (gross)	18,644	22,550	31,800	46,507	50,368	55,349	58,332	66,076	73,524	83,381
Loan capital	7,239	8,860	6,779	13,645	15,001	21,122	24,804	28,879	34,097	41,049
Share capital and reserves:										
Ordinary capital	4,025	5,136	7,939	15,319	15,319	15,319	15,319	15,319	15,319	15,319
Preference capital	1,525	1,525	1,525	2,025	2,025	2,168	2,168	2,168	2,168	2,168
Capital reserves	4,861	7,095	14,899	13,253	13,329	13,192	14,004	14,535	14,727	15,416
Revenue reserves	402	457	466	552	615	668	771	868	897	1,154
Total share capital and reserves	10,813	14,213	24,829	31,149	31,288	31,347	32,262	32,890	33,111	34,057

Notes on the above comparative information

1 Because of the provisions of the Finance Act, 1965, the figures given for 1966 to 1968 in respect of taxation, revenue available for ordinary dividends and reserves and ordinary dividends are not comparable with earlier years.

2 The increases in the issued ordinary share capital resulted from the following (in £'000) :—

	1960	1961	1962
Rights issues	787	886	
Conversion of debenture		1,917	45
Bonus issue (1 for 2)			3,969
Acquisition of subsidiary companies	324		3,366
	1,111	2,803	7,380

Articles of Association

At the Annual General Meeting of the Company to be held on 19th December, 1968 a Special Resolution will be proposed for the purpose of adopting new Articles of Association. Particulars of the principal alterations are given below.

(A) Borrowing Limit

The existing limit on borrowings by the Company and its United Kingdom subsidiaries was adopted in 1961 and is now considered to be unduly restrictive since, first, the limit is fixed at an amount equal to the issued share capital of the Company and the consolidated reserves of the Company and its United Kingdom subsidiaries, and secondly, no writing-up as a result of revaluations may be taken into account for that purpose unless, in effect, it has appeared in the accounts for at least six years. Borrowings by companies becoming subsidiaries after 1961 and in existence at the time they became subsidiaries are excluded from aggregate borrowings.

The Trust Deed constituting the 8 per cent. Unsecured Loan Stock 2000/5 (issued in October 1968 in connection with the acquisition of the shares of The Metropolitan Railway Surplus Lands Company Limited) fixes a limit on borrowings by the Company and its United Kingdom subsidiaries at three times the total of the issued share capital of the Company and the capital and revenue reserves of the Company and its United Kingdom subsidiaries, whilst the formula for the ascertainment of such capital and reserves is more in line with modern practice, and accordingly allows writings-up arising from revaluations to be taken into account immediately.

It is, therefore, considered appropriate to propose the adoption in the new Articles of a borrowing limit and formula corresponding to those contained in the Trust Deed constituting the 8 per cent. Unsecured Loan Stock 2000/5 mentioned above.

By reference to the consolidated accounts of the Company at 30th September, 1968 the limit under the existing Articles would be £33,400,000 whilst under the new Articles it would be £96,000,000.

(B) General

It is considered convenient to take this opportunity to adopt a modern set of Articles of Association in line with present requirements of the law and The Stock Exchange, London in place of the existing Articles, with which the Company was incorporated in 1946, and which have been altered from time to time.

It is thought desirable to bring the following points contained in the new Articles of Association to the attention of members:—

1. No alteration is being made to the dividend, capital or voting rights of the Preference and Ordinary Shareholders respectively.
2. To meet the present requirements of The Stock Exchange, London, the quorum at a class meeting is being increased from persons holding or representing by proxy one-twentieth of the issued shares of the class concerned to one-third of such shares.
3. In line with modern practice, the sealing of Share Certificates and Debenture Stock Certificates does not have to be witnessed.
4. To be effective, Forms of Proxy have to be delivered not less than forty-eight hours before the time of the meeting in respect of which they are given instead of twenty-four hours, as provided in the existing Articles of Association.
5. The new Articles provide that it is not necessary for any Director to hold a share qualification.

A copy of the new Articles of Association is available for inspection at the offices of the Company's solicitors, Messrs. Linklaters & Paines, Barrington House, 59/67 Gresham Street, London, E.C.2, during the usual business hours (Saturdays excepted) up to and including the day of the meeting.



Town Centre, Winsford, Cheshire.

Redgates Store, Furnival Gate, Sheffield.



